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US BANKRUPTCY COURT  
DISTRICT OF DELAWARE

**UNITED STATES BANKRUPTCY COURT DISTRICT OF DELAWARE**

**TERRAFORM LABS PTE. LTD, et al,**  
**Debtors**

**Case No.: 24-100700(BLS)**  
**(Jointly Administered)**

**OBJECTION TO THE CONFIRMATION OF THE PROPOSED LIQUIDATION PLAN**

TO THE HONORABLE BRENDAN LINEHAN SHANNON  
UNITED STATES BANKRUPTCY JUDGE:

Rex Wu, a creditor and customer, holding a class 5 claim totaling \$1,324,990 and objects to the Debtors' proposed liquidation plan for the reasons as follows:

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Citation of Cases and Statutes

\*Sec. & Exch. Comm'n v. Ripple Labs, Inc. ("Ripple"), No. 20 CIV. 10832 (AT), 2023 WL 4507900, at \*1 (S.D.N.Y. July 13, 2023).

\*Sec. & Exch. Comm'n v. Terraform Labs Pte. Ltd., No. 23-CV-1346 (JSR), 2023 WL 4858299 (S.D.N.Y. July 31, 2023).

\*Bankruptcy code 510(b)

\*Bankruptcy code 1122

\*Bankruptcy code 1123(a)(1)

Statement

1. The LUNC tokens and USTC stablecoins do not meet bankruptcy code 510(b), 1122 and 1123(a)(1) requirements.
2. The LUNC token generates revenue for the LUNC blockchain and can be used to purchase goods and services.

Arguments

3. The LUNC token and USTC stablecoin claims should not be placed in class 5 because bankruptcy code 510(b) requirements are not satisfied. As of the date of this objection, the LUNC tokens and USTC stablecoins are not registered securities and the LUNC tokens and USTC stablecoins are not under any subordinated agreements. Bankruptcy code 510(b) states as follow:

“(a) A subordination agreement is enforceable in a case under this title to the same extent that such agreement is enforceable under applicable nonbankruptcy law.

(b) For the purpose of distribution under this title, a claim arising from rescission of a purchase or sale of a security of the debtor or of an affiliate of the debtor, for damages

arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 on account of such a claim, shall be subordinated to all claims or interests that are senior to or equal the claim or interest represented by such security, except that if such security is common stock, such claim has the same priority as common stock.

(c)Notwithstanding subsections (a) and (b) of this section, after notice and a hearing, the court may—

- (1)under principles of equitable subordination, subordinate for purposes of distribution all or part of an allowed claim to all or part of another allowed claim or all or part of an allowed interest to all or part of another allowed interest; or
- (2)order that any lien securing such a subordinated claim be transferred to the estate.”

4. In the case SEC vs Terraform Labs, (“*Sec. & Exch. Comm’n v. Terraform Labs Pte. Ltd., No. 23-CV-1346 (JSR), 2023 WL 4858299, at \*1 (S.D.N.Y. July 13, 2023)*”), Honorable Judge Rakoff’s court ruled that LUNC tokens and USTC stablecoins are unregistered securities. Honorable Judge Rakoff’s view that LUNC and USTC are unregistered securities does not automatically make LUNC and USTC registered securities. In order to be a security, Terraform Labs needed to register the two tokens as securities. They did not. The LUNC tokens and USTC stablecoins continues to be bought and sold globally on various platforms not as securities
5. There are contradicting rulings as to if cryptocurrencies are securities in other jurisdictions. In the case SEC vs Ripple, (“*Sec. & Exch. Comm’n v. Ripple Labs, Inc. (“Ripple”), No. 20 CIV. 10832 (AT), 2023 WL 4507900, at \*1 (S.D.N.Y July 13,*



2023), the Honorable Judge Torres ruled that Ripple, a cryptocurrency, is not a security. Therefore, LUNC and USTC when applied in accordance to the Ripple ruling are not securities. With a contradicting ruling on the Ripple case, LUNC tokens and USTC stablecoins cannot be presumed to be a security without the actual securities registration with the proper authorities. Terraform Labs failed to register the USTC stablecoins and LUNC tokens to officially be recognized as securities as required by Bankruptcy code 510(b). With the ruling by the Honorable Judge Torres in the SEC vs. Ripple case, Bankruptcy codes 1122 and 1123(a)(1) which can assume the USTC stablecoins and LUNC tokens are securities should be rejected and disallowed.

6. LUNC is accepted as currency on Terra Casino and other applications. By using LUNC on applications like Terra Casino, the blockchain burns tokens through a burn tax which brings value to the chain. In return, the LUNC owner gets access to games and can purchase NFTs as one of its perks. LUNC can be used to buy goods like NFTs and for services like gaming. This is a stark contrast to equity. LUNC can be used to purchase goods and services in their respective Layer 2 (transactional layer) like NFTs. This major distinction makes these tokens not similar or comparable to equity. You cannot use Apple stock to buy an iPhone but, you can use LUNC to buy an NFT.
7. The LUNC owners also makes business decisions normally reserved for management in operations like upgrading a network (IT function), approve advertisements and marketing budgets (Finance Functions) and approve websites (marketing function). Making operating decisions are not a function of equity holders.
8. LUNC and USTC do not have any subordination contract terms. LUNC and USTC are not subordinated to any creditors.

Conclusion

For all the reasons set forth herein, Rex Wu respectfully requests that the Honorable Court to reject the liquidation "PLAN" which erroneously states that class 5 claims are supported by Bankruptcy codes 510(b), 1122 and 1123(a)(1) and to properly class the USTC stablecoins and LUNC tokens in the proper unimpaired class.

Respectfully Submitted,

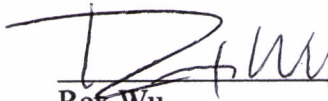
Dated this 11th day of September, 2024

A handwritten signature in dark ink, appearing to read 'Rex Wu', is written over a horizontal line.

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**Affidavit for Conventional Filing**

I, Rex Wu attest that I have a Pacer account and that Jermaine from the court's office, telephone number 302-252-2887 informed me that only attorneys can file electronically online through Pacer. Therefore, I am filing the motion "OBJECTION TO THE CONFIRMATION OF THE PROPOSED LIQUIDATION PLAN" conventionally.

 9/11/2024

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